



Jobs Development Incentives

Thanks for your interest in the Cov! We strive to make it easy to invest and grow your company here.

We understand that the site search process is challenging and you need to make the best decision for your company. We're here to help! We know that Covington will make a great home for your team. Our payroll incentive is just another way we make that commitment to our business community on big investments!

Why do we offer these programs? Because if our business community prospers, we all prosper! If you have any questions throughout the process, don't hesitate to contact us. We look forward to working with you.

Background

Covington derives more than half of our annual revenue from payroll tax revenue to pay for public safety, roads, and other city services. Therefore, we offer incentives to broaden and diversify our tax base, create new job opportunities for our citizens, and promote the economic growth and welfare of the City of Covington. By offering incentives, the City creates a net loss of revenue during the term to attract the initial investment. Therefore, incentives are used prudently on projects where they will be a deciding factor as to whether a business will remain or locate in Covington and to create a "win-win" situation for both the City and the investor.

Business Attraction Incentive (For New Businesses)

- **Overview:** The Business Attraction Incentive is targeted for new companies that have proposed to locate in the city at the time of application. The company must have a minimum payroll of \$250,000; Approved incentives are performance based and are reimbursement only. Payment is calculated annually and sent directly to company each Spring.
- **Rate:** The rate will depend on several factors, including # of jobs, investment, location, etc.
- **Term:** Half of the lease length or company commitment, up to 10 years.
- **Other Evaluation Criteria:** Each applicant is different, so each incentive offer is different. Please see Appendix 1 for additional criteria the City uses when crafting each incentive offer.
- **Example:** A company with 35 employees was considering several properties around the region, including relocating to a location in Covington. The company was looking to purchase and rehab a building in Covington, add 10 additional jobs, and remain in Covington for 10 years. The company was approved for a 1% payroll tax incentive for five years for all jobs.
 - **Incentive:**
 - **Years 1-5:** 1% Incentive
 - **Years 6-10:** Retention Period, No Incentive
 - **Total Estimated Incentive:** \$126,000
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Business Expansion Incentive (For Covington Businesses)

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- **Overview:** The Business Expansion Incentive is targeted for existing Covington companies that are planning an expansion with new jobs and capital investment. While the company's current payroll will not be incentivized, all new payroll is eligible for incentives. The company must apply for incentives before starting the project. The company must have a minimum NEW payroll of \$250,000; Approved incentives are performance based and are reimbursement only. Payment is calculated annually and sent directly to company each Spring.
- **Rate:** The rate will depend on several factors, including # of jobs, investment, location, etc.
- **Term:** Half of the lease length or company commitment, up to 10 years.
- **Other Evaluation Criteria:** Each applicant is different, so each incentive offer is different. Please see Appendix 1 for additional criteria the City uses when crafting each incentive offer.
- **Example:** A Covington employer with 40 employees was experiencing significant growth and planned a \$4 million capital investment to fuel their expansion plans. They were looking at several locations, including a long-vacant property in the Cov. The company anticipated adding approximately 30 new employees, many of which would be local residents. The company was approved for a 1.25% payroll tax incentive for five years for the 30 new employees.
 - **Incentive:**
 - **Years 1-5:** 1.25% Incentive
 - **Years 6-10:** Retention Period, No Incentive
 - **Total Estimated Incentive:** \$112,500

Application:

Staff can provide an initial incentive estimate after an introductory phone call to discuss the project. Applicants must submit an application before the company has announced the project and/or signed a purchase agreement or lease at a Covington location to be eligible for incentives. After submitting a complete application, the City will provide an incentive offer back to the company's leadership team within 5-7 business days. If a company wishes to move forward, the company must provide a \$1,000 non-refundable check for administrative fees. All incentive offers are contingent on approval by City Commission and successful execution of a development agreement.

Timeline:

If your company accepts the city's incentive offer, it usually takes 4-6 weeks for staff to draft the development agreement, finalize the agreement language with your company, and bring to City Commission for approval.

Approval:

Staff will notify the company when the project will be presented to City Commission. Staff handles everything, but we highly recommend all applicants be present to show their support.

Press Release:

We love sharing the good news! Once an incentive agreement is submitted to City Commission, the project becomes public. Therefore, staff will work with each company's representative to issue a press release to celebrate our partnership with your company!

Contact:

If you have any questions throughout the process, don't hesitate to contact us. We look forward to working with you!



Tom West
Executive Economic Development Director
twest@covingtonky.gov
859-292-2168



Patrick Duffy
Business & Retention Manager
PDuffy@covingtonky.gov
859-292-2141

PROJECT APPLICATION

Instructions: Please complete this application in its entirety. After review of the application by City Staff, an offer letter will be provided to the applicant. If accepted by applicant, the City will draft a development agreement with the incentive terms, subject to review and approval by Covington City Commission.

Applicant Information

| | | | | | |
|--|--|----------------------------|-------|-----|--|
| Legal Name/DBA | | | | | |
| Federal Employer ID | | NAICS Code & Industry Type | | | |
| Mailing Address | | | | | |
| City | | State | | Zip | |
| Company Organization | | State of Organization | | | |
| Company Contact Person | | Title | | | |
| Email | | | Phone | | |
| Company Description (including brief history of business) | | | | | |

Company Ownership

Please identify all owners of the company with 20% or more interest in the company. Please provide additional

| Name Owners with 20%+ Ownership (provide date of birth for individuals) | City | State | FEIN/Social Security Number | Ownership Percent |
|--|------|-------|-----------------------------|-------------------|
| | | | | |
| | | | | |

information on all related parent and affiliate companies in Covington.

Project Description

| | | |
|---|--------|--------------------------|
| Project Description (please include tentative Covington location for expansion/relocation and length of lease, if applicable, and what attracts your company to Covington?) | | |
| Address, City, State, Zip Code | | |
| Building (or Lease) Square Footage | | |
| Anticipated Construction or Move In Date | Start: | Completion (or Move-In): |

Company Investment

| | |
|--|--|
| Land | |
| Building Costs | |
| Furniture, Fixtures, & Equipment Costs | |
| Equipment and Machinery Costs | |
| Leasehold Improvements | |
| Rent (full term): | |
| TOTAL INVESTMENT COSTS | |

Other Considerations

| | | | |
|--|--|-----------------------------|--|
| Competing Cities/States (if any) | | Company Decision Date | |
| Factors Influencing Company's Decision | | | |

| | |
|--|--|
| Has the company received any financial incentive from the City previously? If so, what year? Is it still active? Is there an active incentive with another jurisdiction? | |
|--|--|

Job Creation & Retention

| | | | |
|-------------------------------|--|--------------------------|------------------------|
| Existing Jobs in City | | Existing City Payroll | |
| Projected New Jobs | | New Jobs Payroll* | |
| Anticipated Hiring Start Date | | | |
| New Jobs Created - Year 1 | | Jobs Created - Year 2 | Jobs Created - Year 3 |
| New Payroll - Year 1** | | Payroll Created Year 2** | Payroll Created Year 3 |

* Please use the annualized average base salary excluding benefits, bonuses, etc.

**City collects 2.45% on all payroll up to FICA Cap (in 2020, FICA Cap is \$137,700. Please ensure the reported payroll is the payroll subject to local withholding (W2 employees).

Indicate which of the following employee benefits will be offered as a company-paid benefit?

- | | | |
|---|---|---|
| <input type="checkbox"/> Life Insurance | <input type="checkbox"/> Dental Insurance | <input type="checkbox"/> Other Retirement |
| <input type="checkbox"/> Health Insurance | <input type="checkbox"/> Stock Purchase | <input type="checkbox"/> Profit Sharing |
| <input type="checkbox"/> Disability Insurance | <input type="checkbox"/> 401(k) | <input type="checkbox"/> Other (list below) |

Anything else we should know?

Signature

I declare under penalties of falsification that this application, including any and all enclosed documents and statements, has been examined by me, and to the best of my knowledge and belief is true, correct, and complete. The Covington BOC may adopt legislation from time to time that can impact eligibility, benefits and evaluation criteria. Staff of the Economic Development Department makes every effort to update these applications and program guidelines as quickly as possible once changes are adopted. It is the responsibility of the applicant to assure that the application and guidelines being followed are the most recently adopted at the time of submission.

Upon acceptance of an offer, the company must provide a \$1,000 non-refundable check for administrative fees.

Signature of Applicant: _____
Title: _____

Printed Name: _____
Date: _____

Payroll Incentive Evaluation Factors

When reviewing applications, Staff will consider the following information when determining and recommending each incentive rate to City Commission:

- The company is part of a target industry as determined by the most recent economic development strategy for the City;
- The size of the project based upon private investment in the site development, facilities, and infrastructure;
- The total number of jobs, wages, benefits and types of jobs created;
- The relationship between jobs development and total investment;
- Potential for future expansion and increased employment;
- Potential for retention of existing employment where it can be demonstrated that without incentives the jobs may be moved away from the area or eliminated, as evidenced by a written statement from the company;
- Potential for diversification of the regional economy as determined by North American Industry Classification System (NAICS) codes;
- The project's ability to stimulate investment in redeveloping neighborhoods that the City may deem to be of significant benefit to the community;
- Financial impact and city budget ramifications;
- Project specific issues that impact upon local infrastructure responsibilities of the City;
- Economic development incentives from other local governments and/or the State, as well as past economic development incentives that were already committed to the applicant.